



Republican Policy Committee

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Here He Goes Again

Clinton's Latest Spending Plan Long on Promises, But His Record Is Far Short on Accomplishments

- President Clinton's FY 1997 budget was unveiled today, filled with the same old promises we've gotten used to. It sure promises a lot — but the President has made a lot of promises he hasn't gotten around to keeping over the past three years.
- Government is still too big and spends too much. Only the Republican Congress has delivered the change needed to get spending under control, and balance the budget in seven years. Unfortunately, Bill Clinton vetoed the change America voted for in 1994, denying many citizens in our State lower interest rates and higher income. [See attachment]
- We'll take a good look at what the President has proposed, but our Republican Congress remains committed to balancing the budget in a way that reflects our country's priorities and commitments to our elderly, students, our children, and our grandchildren.

CLINTON'S FY 1997 BUDGET: MORE TAXES, MORE SPENDING

- As the Clinton Administration's latest budget demonstrates, OMB has come to stand for the "Office of Magical Balance." In just one short month since the presentation of his "thematic" FY 1997 budget, President Clinton has managed to make the deficit disappear a whole year earlier — at that rate if he had only waited until August the deficit would have disappeared altogether! How does he do it? Optimistic economic assumptions. If the White House introduced us to Rosy Scenario in February, we must be meeting her sister Ruby now! This despite more spending and more taxes. The inconsistencies — not just between Clinton and reality, but between Clinton in February and Clinton in March — are truly amazing.
 - ▶ Taxes and fees are increased over \$60 billion in the budget, while the claimed net tax cut is only \$60.8 billion.
 - ▶ Despite the fact that the economy has worsened in the latest months, Clinton's budget projects a deficit improvement of \$107.9 billion between 1996-2002 and the deficit would now disappear in 2001. This, despite FY96 being almost half over and Clinton insisting on more spending in this fiscal year.
 - ▶ Clinton is requesting over \$61 billion in additional discretionary spending in FYs 1996-2002 since just last month.
 - ▶ Despite the fact that the 30-year bond has risen 3/4's of a point just since 1/96 and the fact that the 10-year bond stands at 6.37% today, this budget claims that interest rates on the 10-year bond will be just 5.6% this year and will continue to fall to 5.0% in two years — over a 20% decline.

TAXES, SPENDING AND DEBT ALL UP UNDER PRESIDENT CLINTON

- While we're gratified to see the President starting to come our way on balancing the budget and providing tax relief to working Americans, let's remember that it took the President four years, and six different budgets, before he finally started to keep his promises on taxes and spending.
 - ▶ After promising to cut taxes in the 1992 campaign, Bill Clinton in 1993 signed into law the biggest tax increase in history: \$251 billion in taxes and fees that targeted the middle-class, small businessmen, even raised taxes on the dead.
 - ▶ After promising in 1992 to present America with a five-year plan to balance the budget, he finally, reluctantly, agreed just this year to propose a budget that balances in seven years — at least on paper.
 - ▶ Bill Clinton's original 1993 plan added nearly \$1 trillion to the national debt while intending to increase spending to record levels — 20 percent over five years!
 - ▶ Last year, Bill Clinton vetoed the first balanced-budget plan in a generation, with real spending reforms that would finally begin to control the size and scope of government.
 - ▶ President Bill Clinton also vetoed common-sense tax cuts that he'd endorsed as a candidate, including a \$500-per-child tax credit, as well as reform of the marriage penalty, and tax relief to get America's small businesses moving again.

WELFARE: PRESIDENT CLINTON TALKS RIGHT, BUT VETOES LEFT — TWICE!

- Once again, President Clinton is talking about welfare reform, this time as a key component of his budget. But while he talks a lot about supporting it, in fact President Clinton has now vetoed welfare reform based on his ideas — not once, but twice. Now that the nation's governors have reached a bipartisan consensus on a welfare reform package, we'd hoped the President would support that plan, but so far, all we've heard is the sound of the waffle iron heating up in the White House again.
 - ▶ In 1992, the President promised to end welfare as we know it. But for three years, he did nothing to advance welfare reform in the Congress. When Republicans took control, we kept the promise the President made: tough time limits, real work requirements, all without imperiling the safety net for those truly in need.
 - ▶ But the President vetoed our efforts. Congress then sent Mr. Clinton a free-standing welfare reform bill — and he vetoed that.
 - ▶ Congress and the nation's governors, however, are holding Mr. Clinton to his 1992 promise. Building on the welfare reform bill that President Clinton vetoed, the governors, on February 6, 1996, unanimously endorsed a plan to overhaul the current welfare system. Mr. Clinton's response was to send his Secretary of Health and Human Services, Donna Shalala, to Capitol Hill to criticize the plan.
 - ▶ We believe it's time the President stopped hiding behind excuses, and join us in a bipartisan effort to finally end welfare as we know it.

WAR ON DRUGS: AWOL BILL CLINTON FINALLY ENLISTS THREE YEARS LATE

- After three years of neglect, the President finally has joined the war on drugs. It's fine for him to get tough on drugs in this election year, but on Bill Clinton's watch enforcement and interdiction declined, while drug abuse ballooned. With our zero-

tolerance strategy in tatters, a lot of work needs to be done to fix what's gone wrong, to crack down on drugs while giving help to those who truly need it.

- ▶ As one of his first acts, Bill Clinton tried to cut the office of the Drug Czar by 90 percent.
- ▶ Over the past three years, enforcement and interdiction efforts were steeply cut. For example, the President attempted to cut over 600 drug enforcement agents in FY 1995. Drug prosecutions fell 12 percent between 1992 and 1994. Because of budget cuts, the Customs Service has had to mothball nearly 30 aircraft previously used in interdiction efforts.
- ▶ As a result, the price of drugs declined, while the purity of hard drugs increased.
- ▶ Drug use rose dramatically, especially among our youth. For example, the number of 12-17 year-olds using marijuana increased from 1.6 million in 1992 to 2.9 million in 1994.
- ▶ Hardcore drug abuse increased. In 1994, for example, cocaine-related emergency room episodes hit their highest level in history.
- ▶ Now, the President claims he wants to beef up the Drug Czar's office and our interdiction efforts. It's long past time.

DEFENSE MODERNIZATION: CLINTON PLAN WOEFULLY UNDERFUNDED

- As the situation in Taiwan demonstrates, the world is still full of dangers. But Bill Clinton has left the Defense Department unprepared to meet many of the challenges of today and tomorrow, even though the Chairman of the Joint Chiefs of Staff has urgently requested the Administration to change its course. We will work to meet the needs of our men and women in uniform.

- ▶ Since 1992, spending on procurement — the modern weapons we need to defend ourselves and our national interests — has dropped by 44 percent. Since 1985, procurement spending has plummeted 71 percent.
- ▶ The Joint Chiefs chairman, John Shalikashvili, warned that "we risk future combat readiness of the U.S. military if we fail to adequately fund recapitalization, starting in FY 1997," and he has urged the Secretary of Defense to "set a procurement goal of about \$60 billion per year beginning in FY 1998."
- ▶ The President responded to this warning by asking for \$39 billion in procurement spending, \$3 billion less than what was spent last year and the lowest level of procurement since the Korean War!
- ▶ We cannot lose our quality edge which provided our decisive Persian Gulf War win. We will work to improve the administration's policies in this area.

Clinton's Balanced Budget Veto: Special Interests Defeat Oklahoma's Interests

If President Clinton had signed the balanced budget Congress presented him in December, the federal budget already would be on the path to balance. Instead, President Clinton decided to play political games with America's future and *vetoed* the first balanced budget in 26 years. President Clinton's political games cost America the historic opportunity to put its fiscal house in order. Had President Clinton followed Congress's lead and been serious about balancing the budget:

... The average citizen of Oklahoma would have saved:

- ▶ **\$2,397** per year from lower mortgage payments.
- ▶ **\$197** per year from lower state taxes due to lower state and local interest payments.
- ▶ **\$568** per year from lower interest payments on a student loan.

[Source: Citizens for a Sound Economy]

... Oklahoma families would have received a tax credit that would:

- ▶ Help over **326,000 Oklahoma taxpayers** with over **580,000 dependents**. That's over **\$269 million per year** staying with these working families.
- ▶ Eliminate the federal income tax bill in our state for over **42,000 taxpayers** with over **87,000 dependents**. That's **\$24 million per year** staying with these working families.
- ▶ Pay for **nearly 8 years of tuition payments** at Oklahoma State University, if the parents bank the \$500 tax credit for 18 years.

[Source: Heritage Foundation]

... State and local governments in Oklahoma would have saved:

- ▶ **Over \$289 million** in interest payments over seven years, due to lower interest rates from a balanced budget.
- ▶ That's **\$289 million** available for tax relief, more schools, better roads, and more local police.

[Source: Senate Budget Committee]

Since Clinton Decided to Play Political Games ...

- ▶ We can expect **interest rates to increase**.
- ▶ These increases will cost the average American family **\$979 more per year** on their home mortgages, student loans, and car loans, and **\$1,500 in future taxes** to pay for the extra \$100 billion in annual interest payments on new federal debt.

[Source: Joint Economic Committee]